

Message Text

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47

ACTION ARA-17

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-09 H-02 INR-09 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-14 USIA-12

AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 SAL-01 OMB-01 RSR-01 /146 W

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R 231300 Z MAR 73

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 6647

AMEMBASSYCARACAS

AMEMBASSY QUITO

AMEMBASSY LIMA

AMEMBASSY LA PAZ

AMEMBASSY SANTIAGO

UNCLAS BOGOTA 2304

E. O. 11652 N/A

TAGS: ETRD, CO, LAFTA

SUBJECT: COLOMBIAN CONGRESS APPROVES ANDEAN PACT BILL

REF: BOGOTA 8306, DECEMBER 5, 1971.

1. COLOMBIAN HOUSE OF REPRESENTATIVES PASSED ANDEAN PACT BILL MARCH 21 IN CLOSING ACTIVITIES OF SPECIAL SESSION. BILL HAD PREVIOUSLY BEEN APPROVED BY SENATE AND NOW GOES TO PRESIDENT FOR SIGNATURE. LEGISLATION INCLUDES APPROVAL OF TREATY OF CARTAGENA AND SUBSEQUENT COMMISSION DECISIONS INVOLVING LEGISLATIVE COMPETENCE. SINCE BILL WAS ORIGINALLY PRESENTED PRIOR TO VENEZUELAN ADHESION TO PACT, DECISION 70 WILL BE TREATED IN SEPARATE LEGISLATION DURING REGULAR SESSION BEGINNING JULY 20.

2. WHILE THE LEGISLATION ALSO AUTHORIZES PRESIDENT TO SEEK CHANGES IN DECISION 24 (ANDEAN FOREIGN INVESTMENT CODE), MUCH OF PRIVATE SECTOR CONCERN OVER FOREIGN INVESTMENT REGULATION APPEARS TO HAVE DISSIPATED IN RECENT MONTHS. VENEZUELAN ADHE-
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RENCE TO THE BASIC DECISION HAS CAUSED MANY OBSERVERS TO PHILOSOPHIZE THAT IF VENEZUELA WITH ITS HEAVY FOREIGN INVESTMENT CAN LIVE WITH THE CODE THEN COLOMBIAN CAN TOO. SOME SUGGEST THAT THE CODE MAY EVEN HELP PROTECT COLOMBIAN AGAINST VENEZUELAN COMPETITION, ALTHOUGH OTHERS MAINTAIN THAT VENEZUELA CAN AFFORD TO DISCOURAGE NEW FOREIGN INVESTMENTS SINCE IT ALREADY HAS A HIGH LEVEL WHILE COLOMBIA CONTINUES TO NEED EXTERNAL CAPITAL AND TECHNOLOGY. ALSO, MORE ATTENTION HAS BEEN GIVEN RECENTLY TO THE CODE'S VARIOUS ESCAPE CLAUSES, PARTICULARLY IN NATURAL RESOURCES AND PUBLIC SERVICES AND MANY BUSINESSMEN, BUT CERTAINLY NOT ALL, EXPRESS THE OPINION THAT THE GOC WILL UTILIZE THESE LOOP-HOLES TO SOFTEN THE IMPACT ON FOREIGN INVESTMENT.

3. THE CONGRESS DID NOT COMPLETE ACTION DURING THE SPECIAL SESSION ON THE EDUCATION TAX, ONE OF THE ADMINISTRATION'S PRIORITY BILLS. LACK OF A QUORUM, PLUS SUBSTANTIAL OPPOSITION, PREVENTED THE BILL FROM BEING REPORTED OUT OF COMMITTEE. THE ADMINISTRATION HAS INDICATED THAT IT WILL AGAIN SEEK APPROVAL OF THIS MEASURE DURING THE NEXT REGULAR SESSION.

4. ROUNDUP OF SPECIAL SESSION WHICH FORMALLY CLOSES MARCH 23 FOLLOWS.

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*** Current Classification *** UNCLASSIFIED

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